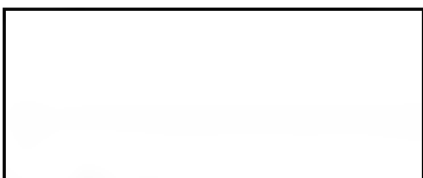


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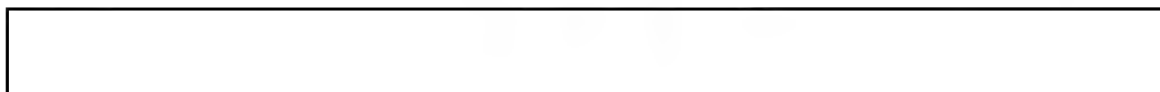
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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

26 August 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China: Concern for an increasingly precarious food situation appears to have forced Peiping to make a number of important decisions on domestic economic policy, including an increase in the relative priority accorded agriculture. *OK* People's Daily on 25 August stated that agriculture must be placed in the "most important position" as a long-term, rather than temporary, policy in China's socialist construction. Top planner Li Fu-chun in the latest issue of Red Flag ascribes to agriculture more importance than has hitherto been noted from an authoritative regime spokesman. An earlier article in the Chinese provincial press stated that, if necessary, the pace of industrial expansion would be slowed to permit a greater investment in agriculture. (Page 2)

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II. ASIA-AFRICA

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[REDACTED]

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Republic of the Congo: The opening of a conference of African foreign ministers in Leopoldville has been accompanied by increased local unrest and threats of new violence. An estimated 1,000 Congolese--probably part of Leopoldville's 50,000 unemployed--staged an anti-Lumumba demonstration on 25 August which was broken up by police. At the same time, UN troops at the Leopoldville airport prepared for a possible Congolese attempt to reoccupy the airport, which was placed under UN control on 21 August.

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About 1,000 Congolese soldiers have been airlifted to towns in Kasai Province near the Katanga border, in a move to block the establishment of a new province in Kasai and possible with a view toward invading Katanga. Although Lumumba probably hopes that this move will be endorsed by the visiting foreign ministers, there are indications that most African states deplore Lumumba's baiting of the UN and are not disposed to support his military ventures. [REDACTED] (Page 3)

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[REDACTED]

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IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Main Trends in Capabilities and Policy, 1960-1965. Annex A, Text of Sino-Soviet Bloc Military Strengths and Characteristics of Selected Weapons and Equipment. NIE 11-4-60. 16 August 1960. *no*

Short-term Trends in South Vietnam: Political and Security Problems and Probable Trends Over Next Year. SNIE 63.1-60. 23 August 1960.

LATE ITEMS

*Laos: New developments in the Laotian crisis seriously jeopardize prospects for a settlement along lines of the agreement reached on 23 August between premier designate Souvanna Phouma and General Phoumi. The Pathet Lao radio has criticized the agreement as dangerously undercutting the Souvanna government's authority and has called on all Laotians to oppose the "Phoumi rebel clique." On 25 August Phoumi is said to have stated that Souvanna was not keeping his word and obviously was not master of the situation in Vientiane. The agreed procedure for regularizing military control over Vientiane is snagged on rebel paratroop Captain Kong Le's reported demand for retention of effective command in the area, and there are indications that Phoumi is continuing to move his troops into position around the capital. *OK*

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DAILY BRIEF

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(*Iran: The Shah is under considerable pressure to declare the current parliamentary elections invalid because of wide-spread irregularities. [REDACTED]

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Agricultural Situation in China

Official statements and reports by observers indicate that the food situation in China is decidedly tight in most places and probably grim in some. People's Daily, the official party organ, said recently that "we are still unable to produce enough food to meet the present need." Demands for the strictest austerity in food consumption continue to emanate from all quarters. While there is no evidence to indicate that shortages have reached critical proportions, the balance between food and population is becoming increasingly precarious with each passing year.

The marked increase in official attention to agriculture apparently reflects Peiping's growing awareness of this basic food problem and concern over the demonstrated inability of "leap forward" tactics, despite false statistical claims, to effect any real solution. The regime last fall acknowledged the need to devote more attention to agriculture under the slogan of "taking agriculture as the foundation of the economy." Priority continued to be accorded to heavy industry, however, and this policy was reaffirmed at a party congress as recently as last April.

Domestic economic policy was evidently high on the agenda of a series of top-level party meetings believed to have been held in June and July. The first statement from an authoritative source to shed some light on the possible decisions reached at these meetings was from planning chief Li Fu-chun who, in an article for the latest issue of Red Flag, ascribed to agriculture more importance than had the policy set forth late last year. Following the same line, People's Daily declared on 25 August that agriculture must be placed in the "most important position," not as a temporary but rather a long-term policy. References to the priority of heavy industry were conspicuously absent in both cases. This appears to confirm signs that Peiping has decided to increase the relative priority accorded agriculture. An earlier article from the Chinese provincial press, reprinted in People's Daily, stated that, if necessary, the pace of industrial expansion would be slowed to permit a greater investment in agriculture. [REDACTED]

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The Situation in the Congo

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The opening of a conference of African foreign ministers in Leopoldville has been accompanied by increased local unrest and threats of new violence. An estimated 1,000 Congolese--probably some of Leopoldville's 50,000 unemployed--staged an anti-Lumumba demonstration on 25 August which was broken up by police. At the same time, UN troops at the Leopoldville airport prepared for a possible Congolese attempt to reoccupy the airport, which was placed under UN control on 18 August. (Secretary General Hammarskjold has stated that he regards the Security Council resolution of 22 July as having given him authority to defend the airport by force if necessary.)

Lumumba probably hopes that the visiting foreign ministers will support his effort to regain control of the airport and to curb the secessionist trend in Kasai. A UN force yielded to Congolese troops in a recent dispute over the control of entry points along the Congo River; Lumumba may feel that, backed by this precedent, he can reoccupy the airport, which has been run by the UN Command since Congolese soldiers molested a Canadian UN detachment on 18 August.

Meanwhile, Lumumba has moved about 1,000 Congolese soldiers to Kasai Province, reportedly to the towns of Gandajika and Luputa near the Katanga border. He may hope to isolate Bakwanga, the capital of the "Mining state" of southern Kasai, from contact with Katanga. President Tshombé reportedly has indicated to anti-Lumumba leaders in Kasai that he can furnish arms, though not troops, for use against Lumumba. Without aid from Katanga, however, the Kasai rebels have only about 450 militia with which to confront Lumumba's forces, which may also be augmented by pro-Lumumba tribesmen in the province.

While most independent African states continue to favor a unified Congo, many have become critical of Lumumba following his attacks against the UN and Secretary General Hammarskjold. The conferees at Leopoldville are expected to discuss

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issues such as technical aid to the Congo, establishment of an African international police force, and prospects for a common language. They are unlikely to come up with a warm endorsement of Lumumba, and may attempt to dissuade him from military ventures such as that in Kasai. The Leopoldville meeting may be followed by a meeting of African heads of state, possibly in Accra. [REDACTED]

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Situation in Laos

Serious obstacles have arisen to implementation of the 23 August agreement between premier designate Souvanna Phouma and General Phoumi for a compromise settlement of the Laotian crisis. Honest misinterpretations of the loosely drawn agreement may be part of the picture, but the trouble stems essentially from a continuing power struggle between the rightist, leftist, and neutralist factions involved.

The Communist Pathet Lao, fearful that the staunchly anti-Communist Phoumi may emerge from the crisis with his influence virtually intact, has denounced the agreement as undercutting the authority of the neutralist Souvanna government and as being a great danger to the nation. A 25 August broadcast over the clandestine Pathet Lao radio called on all Laotians to oppose the "Phoumi rebel clique and US imperialism." The possibility that the Pathet Lao will resort to force to prevent consummation of a compromise settlement between Souvanna and Phoumi cannot be excluded. In any case, the Pathets are not likely to heed Souvanna's 25 August appeal to lay down their arms in the interests of national unity.

Phoumi, meanwhile, is said to have stated on 25 August that Souvanna was not keeping his word and obviously was not master of the situation in Vientiane. In part, he may have been referring to action taken by the National Assembly in Vientiane on 25 August affirming the legality of the Souvanna government despite the understanding that it was merely a de facto temporary regime. Phoumi and Souvanna are also in disagreement over arrangements for extending pay and provisions to the Lao troops in the field; each is seeking to control the operation for prestige reasons.

Restoration of normal military command in the Vientiane area--a prerequisite to a resolution of the political problem--

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is encountering difficulty. [redacted] rebel Captain Kong Le is demanding command over the entire Vientiane military region. Kong Le's troops still dominate Vientiane and thus far no steps have apparently been taken to recover the arms distributed to civilian elements and Pathet Lao dissidents in the area.

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[redacted]
as of 25 August Phoumi apparently is continuing to move his troops into position around Vientiane. [redacted]

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The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Director, Office of Civil and Defense Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Commandant, United States Marine Corps

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

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The Director

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